

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call, Treasurer's Conference
Room
August 11, 2022 – 1:00 p.m.

Please note all member participated via telephone, video, or teleconference:

Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2022)
ERIC DAVIS, VSEA Representative (term expiring September 30, 2022)
BETH PEARCE, VT State Treasurer
ADAM GRESHIN, Commissioner of Finance and Management
BETH FASTIGGI, Commissioner of Human Resources
JAY WISNER, Governor's Delegate position
THOMAS MOZZER, VSEA Representative (term expiring October 31, 2022)

Members absent:

ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2022)
JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2022)

Also attending:

Michael Clasen, Deputy State Treasurer
Tim Duggan, Director, Vermont Retirement Systems
Justin St. James, Staff Attorney, Office of the State Treasurer
Stephen Barry, Financial Administrator I, Retirement Division
Briana Howard, Retirement Specialist, Retirement Division
Owen Doherty, Executive Assistant to the Treasurer
Eric Henry, Chief Investments Officer
Katie Green, Deputy Chief Investment Officer
Rocco Attanasio, Empower Retirement
Gabe D'Ulisse, Empower Retirement
Gilles Owen, Empower Retirement
Joseph Fein, Empower Retirement
Ronald Sanville, Empower Retirement
Ann Arch, Empower Retirement
Melissa Chiumento, Empower Retirement

The Chair, Roger Dumas, called the Thursday, August 11, 2022 meeting to order at 1:02 p.m., which was held by conference call and in-person at the Treasurer's Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: Agenda approval and announcements

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to approve the agenda.

ITEM 2: Approve the Minutes of:

- July 14, 2022

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted to approve the minutes. The motion passed with Mr. Dumas, Mr. Wisner, and Mr. Clasen voting in favor of the motion. Ms. Fastiggi and Mr. Davis abstained from the vote.

ITEM 3: Empower Quarterly Update – 457(b) & SDIA 2nd Quarter Reports

Mr. Greshin joined the meeting at 1:06 p.m.

Mr. D’Ulisse provided an update to the Board regarding the transition to Empower as well as key market updates, and participant anxiety around market fluctuations.

Ms. Green left the meeting at 1:11 p.m.

Ms. Pearce and Mr. Doherty joined the meeting at 1:13 p.m.

Ms. Arch joined the meeting at 1:16 p.m.

Mr. D’Ulisse presented the quarterly report for the 457(b) Deferred Compensation plan. As of the end of the quarter, there were 8,296 participants with total participant balances of \$571,936,931 and average participant balance of \$68,941. Plan assets in GoalMaker totaled \$88,557,831 representing 2,413 participants and a 29% participation rate. There have been 277 new enrollments this calendar year. There are 1,961 participants in Roth representing \$23,427,764 in assets.

Mr. Sanville and Ms. Kibbe provided an update from the in-state counselors. As of the end of the quarter there were 514 individual participant meetings, 60 new enrollments as a result, and \$764,000 in rollovers into the plan. The team is hearing less about COVID now and more about concerns over the market. Mr. Sanville was encouraged that contributions are up \$2.3 million over the same time last year, even in the face of down markets.

Mr. Henry joined the meeting at 1:38 p.m.

Mr. Fein presented the investment report for the 457(b) Deferred Comp Plan. Overall performance for the quarter was negative, however volatility since the beginning of July have been positive. Both stocks and bonds are down, with a slight rebound in July. Mr. Dumas asked Mr. Fein about the Inflation Reduction Act of 2022 and its potential impact on the market. Mr. Fein believes there will be impacts, however reserved judgement until enacted. Mr. Davis asked about outlook on interest rates. Mr. Fein confirmed that interest rates are expected to continue to increase.

There are three funds in the plan are currently not meeting performance criteria; PIMCO Total Return ESG Fund, Vanguard U.S. Growth Fund, and Lazard Emerging Markets Equity Portfolio, and Mr. Fein presented the reasons for underperformance. Ms. Pearce verified that risks are being communicated to members about certain investments.

Representatives from Empower and Mr. Henry left the meeting at 2:01 p.m.

ITEM 4: Disability Recommendation(s) from the July 21, 2022 meeting of the Medical Review Board:

On a motion made by Mr. Davis, seconded by Mr. Wisner, the Board voted unanimously to accept the recommendation of the Medical Review Board for the disability retirement for Beverly Ordway.

ITEM 5: Other business and public comment

Mr. Dumas inquired about the status of the COLA increase. Mr. Duggan and Ms. Pearce explained that the number is still in the process of being calculated.

ITEM 6: Adjournment

On a motion made by Ms. Pearce, seconded by Mr. Davis, the Board voted unanimously to adjourn at 2:06 p.m.

Next Meeting Date:

The next regularly scheduled VSERS Board meeting is on September 8, 2022 at 9:00 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S B' followed by a stylized flourish.

Stephen Barry
Financial Administrator I